

GWYDIR VALLEY IRRIGATORS ASSOCIATION INC.

ABN 49 075 380 648

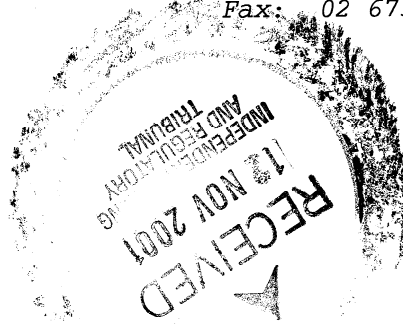
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5 November 2001

Professor Tom Parry
Chairman
Independent Pricing and Regulatory Tribunal
P.O. Box Q290,
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Dear Professor,

We acknowledge receipt of your Draft Report, *Bulk Water Prices from 1 October 2001*, and thank you for the opportunity to present a submission to you on the draft. Our submission follows:

1. Legacy and TAMP Charges

We strongly support your decision to remove any liability from irrigators for capital works constructed prior to July 1997. Your statement on page 31 sums up our position admirably, and should be framed, and handed down from Minister to Minister for ever.

We also support your finding that irrigators should not pay for other Departmental costs such as Fisheries' demand for fish ladders (p. 16), and assume that this decision also applies to thermal release valves.

Further, we interpret that impositions as a result of an increased dam safety cost on structures constructed prior to 1 July 1997 will be met by the Crown.

This is particularly important in the Gwydir Valley, where the spillway of Copeton Dam has a soft rock base, with unknown and expensive dam safety requirements likely to be required in the future.

2. Implications for Regulated Water Customers (See 9.1, p.57)

Whilst the calculations provided add up, the limitations imposed on water diversions in the Gwydir Valley are far greater as a result of lack of rainfall and water availability.

The Gwydir Valley is resource constrained, and as a result, the entitlement levy is a severe impost. Your calculation of usage as a percentage of entitlement volume, at 66 per cent, is a long way out. Over the 19 years, 1981-82 to 1999-2000, the irrigators in the Gwydir Valley diverted 39.88 per cent of entitlement and 49.78 per cent of the total flow in the Gwydir River at Pallamallawa.

It is only in the last five years that regulated water usage has got above 341,880 MI per annum, i.e., 66 per cent, and then on only three of the last five. The regulated diversions over the last 19 years amount to 296,163 MI/pa, for the last 15 years since regulated and unregulated flows have been separated, 303,926 MI and the last 5 years, 96/97 - 2000/01, 405,564 MI.

The effect on the industry is therefore under calculated.

We do not accept the change in Table A8.2, (p. 90), User Shares, line PD 1, *River quality/flow reforms*, which has gone from nil contribution by irrigators to a 50 per cent contribution costing \$5,618,135 over New South Wales. There appears to be no break up of this figure on a valley by valley basis, nor of all the other calculations concerning the Gwydir Valley.

We would appreciate a copy of the itemised figures making up the cost to the Gwydir Valley in this Report.

3. Implications for the Environment.

For the years 1981-82 to 1999-2000, the Gwydir Valley environment has received 50.5 per cent of the total flow of the Gwydir River (Regulated and Supplementary) and does not pay anything for the water, not even for the 37,500 MI of Environmental Contingency Allocation water stored and released from Copeton Dam.

Landholders in the wetlands/watercourse area, west of Moree, receive substantial flooding utilised for the production of stock feed, and do not pay for the water. On this basis, it is reasonable to argue that the costs of operation of the Department of Land and Water Conservation in the Gwydir Valley should be on a 50/50 basis, irrigator/government.

The table below sets out our case, Appendix 10, Table A10. 1 Opex, and Table 110.2 WRM, Gwydir Valley (p. 93).

TABLE A10.1 Opex - Regulated:

	Total S'QOO	User Share \$ '000	Gov't Share \$ '000	% Gov't Share of Total	% Irrigator Share of Total
	2,085	1,755	330	15.83	84.17
TABLE A10.2 WRM	<u>1,360</u>	<u>838</u>	<u>522</u>	<u>38.38</u>	<u>61.62</u>
TOTAL	<u>3,445</u>	<u>2,593</u>	<u>852</u>	<u>24.73</u>	<u>75.27</u>
ON 50/50 BASIS		1,723	1,722	49.99	50.01
Adjusted Share, (+ or -)		- 870	+ 870		

On the above figures, the irrigation industry is paying \$870,000 too much, and the Government, especially the environment, is being subsidised \$870,000 by the irrigators. This amounts to a \$1.74M overcharge.

If we take the usage over the last five years (as shown on the table below), which is a reasonable example of the Gwydir Valley's capacity, and apply an irrigator share of 43.63 per cent of the total flow of the Gwydir at Pallamallawa, and 56.36 per cent to the environment, then the imbalance is far greater than the 19 year example, which further enforces our claim of over-charging the irrigators in the Gwydir Valley and under-charging the Government's Community Service contribution.

GWYDIR VALLEY ENTITLEMENTS, ALLOCATIONS, FLOWS & PERCENTAGES, 1/10/96 to 30/9/01

Year	Entitlem't MI	Regulated Allocation %	MI Alloc'n as % Entitlem't	Regulated Diversions MI	Total On/Off Irrigation Diversions	Flow at Pallamallawa	Total Diversion as % of Flow at Pally	Water to the Environment	% Water to the Environment to Flow at Pally
1996/97	5 18,000	75	404,040	325,634	404,786	810,730	49.93	405,944	50.07
1997/98	5 18,000	82	424,760	353,383	508,455	1,506,879	33.74	998,424	66.26
1998/99	5 18,000	100	5 18,000	226,107	288,138	579,193	49.75	291,055	50.25
1999/00	5 18,000	100	5 18,000	335,923	421,894	679,568	62.08	257,674	37.92
2000/01	5 18,000	100	5 18,000	258,943	404,509	1,070,740	37.78	666,231	62.22
TOTAL	2,590,000	457	2,382,800	1,499,990	2,027,782	4,647,110	43.63	2,619,328	56.36
AVERAGE	518,000	91.4	476,560	299,998	405,556	929,422	43.63	523,866	56.36

4. Property Rights

COAG declared full cost recovery and property rights as a base for IPART's decision making processes. As has occurred in the Water Management Act 2000, the Minister has used COAG directions as a basis for actions suitable to his agenda, but ignored them if not.

IPART is now using COAG's decisions on the cost recovery stage, but is not enforcing Property Rights as a security base for irrigators.

5. Groundwater,

Groundwater charges are excessive in light of the Department of Land and Water Conservation's big reduction of allocations to ground water users, and the grossly inequitable manner in which they have been implemented. A proposed cut of 50% in usage, with an increase in charges over three years of 71.4 per cent, plus CPI, is unbalanced.

The dual actions are inequitable, because the major developed user is having the allocation cut, and is paying the higher fees, whereas the small or non-users, and there are 70 per cent non-user licences in the Gwydir Valley, have no commitment to irrigation can sell or lease their water allocation and entitlement, and compel the larger users to pay the usage fees.

To maintain existing capital investment, developed groundwater users will have to buy water, pay usage fees, and in the process, give low or non-users a golden handshake.

Department of Land and Water Conservation's management structure for groundwater in the Gwydir Valley is as bad as its TAMP submissions. Licence and usage figures are inaccurate, not all pumps have meters, and relationship of irrigation bores to stock & domestic bores are inconsistent and ill-defined.

All licensees who have not met the full requirements for licensing a bore should automatically be removed from the entitlement/allocation scheme for ground water, and a fresh list provided to the Gwydir Groundwater Committee for checking.

IPART should note that the Department has no costs to pay in supplying the water, all costs are administrative.

6. CSC and River Management Committees.

We do not share your enthusiasm for river Management Committees and Customer Service Committees (CSM's), as a base for community decision making.

Six members of the River Management Committee (of 18 in the case of the Gwydir Valley), are Departmental officers peddling their own or their Department's interests rather than the interests of the Valley, two are passing environmentalists, two are irrigators, two represent local government, four represent the interests of landholders in the watercourse area west of Moree, one represents fishermen, and one river landholders above the irrigation areas.

Although they are paid, attendance is poor and consensus unattainable. While CSC's have majority irrigator numbers, background information is either unavailable or inadequate.

The only user/impactor who pays is the irrigator, yet his representation is only 11 per cent of the GRRMC.

7. MDBC and DBBRC

The allocation of Murray Darling Basin Commission funding costs on the basis suggested in the Report is a plan for bureaucratic indulgence. To have a one per cent contribution from inland rivers is infinitesimal, and the costs of apportionment and collection are probably in excess of the money collected. The creation of the charge on other than the direct beneficiaries of the Murray and Murrumbidgee rivers, however small, opens the way for the Department to increase charges in future years without substantiation.

The Department of Land and Water Conservation must be put in a position where the charge on other inland valleys can only be considered after a full disclosure of the need at a future time. The proposal for a small charge to 2003-4 must be removed. The same requirement should apply to DBBRC.

8. Staff Numbers, Salary Commitments.

As a sop to the irrigation industry, the Department of Land and Water Conservation provided an unspecified list of staff, after submissions closed. As staff costs are the largest cost component of the Department, it is essential that a break up of staff numbers and cost be provided, on a regional and branch office basis as well as for State Water as a whole.

Not all staff in Moree office are State Water employees, particularly in the area of the environment.

The high turnover of staff, especially at senior level, is extremely expensive, and explanations should be given, especially as "valley financial accounts are still not independently audited".

9. Entitlements, Handbacks, and Assistance Schemes.

The Gwydir Valley has been fully allocated since at least 1982. There are no sleepers or dozers in the Gwydir Valley.

The Department destroyed the security of licence holders in the Gwydir Valley in 1997-1999, when it turned a 32,000 ha maximum licenced allocation for the Gwydir Valley into a 86,000 ha licensed allocation, thus creating an extremely resource constrained irrigation area. Thus section 9.4.2 has no application to the Gwydir Valley, and with licensed entitlement selling for \$1.2 million per 972 MI licence, it is never likely to apply.

For the same reasons, Government Assistance Schemes are unavailable.

We request you consider our proposals and insert them in the final report.

I myself, or Wal Murray, will be available to discuss the points raised, at your convenience.

Yours faithfully,



John Seery
Chairman.